



FTI Consulting Projects U.S. Online Retail Sales Growth to Increase 25% in 2020

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Revised Forecast Model Expects Online Retail Sales of \$748 Billion in 2020, Compared to \$598 Billion in 2019

WASHINGTON, Oct. 13, 2020 (GLOBE NEWSWIRE) -- U.S. online retail sales will experience a \$71 billion windfall in 2020 as a direct result of the impact of COVID-19 on consumers' shopping habits, according to the [2020 U.S. Online Retail Forecast](#) released today by FTI Consulting, Inc. (NYSE: FCN).

The [Retail & Consumer Products](#) practice at FTI Consulting expects U.S. online retail sales of \$748 billion in 2020, compared to \$598 billion in 2019 and its pre-pandemic 2020 forecast of \$677 billion. This implies a 25% increase over 2019, the strongest growth year for online retail sales since 2006, when the channel was still in its infancy. The forecast projects online market share of total retail sales will increase by 350 basis points in 2020, more than double its annual market share gains in recent years.

Months of stay-at-home orders and the closures of non-essential businesses have altered consumer habits and the shopping landscape, with online grocery and home-related spending seeing significant increases in sales, while travel-related spending, away-from-home dining and apparel have lagged badly as most Americans continue to stay close to home.

"COVID-19 has impacted our everyday lives in profound ways, and it has accelerated trends already in place," said [Christa Hart](#), a Senior Managing Director in the Retail & Consumer Products practice at FTI Consulting. "This year, we have seen a surge in online commerce and a quickened pace of retail store closings throughout the country due mostly to forced adoption or further adoption of online shopping by housebound consumers. Even when COVID-19 subsides and more normal lifestyles can resume, this historic event likely has permanently changed the ways in which we choose to shop for various goods."

The forecast projects that online retail sales now will reach \$1 trillion by 2023, a year earlier than last year's projections. Total online market share is projected to reach 27% by 2025 and 33% by 2030, compared to 19.2% in 2020.

While [Amazon.com](#) remains the dominant player in the online retail space, the COVID-19 pandemic has enabled large omnichannel retailers to boost their online sales, particularly with the use of curbside pickup, and to increase market share. Amazon's estimated market share of online sales likely declined slightly in 2Q20 despite reporting record-level retail sales, as several large retailers saw online sales double or triple in the most recent quarter.

While many people who were forced to use the online channel for purchases due to the pandemic will continue to do so in the future, annual sales growth similar to 2020 is highly unlikely going forward. Annual online retail sales growth will decelerate to low double-digit rates over the next several years, according to the forecast.

The pandemic also will alter the traditional holiday shopping season this year, as Amazon postponed its traditional Prime Day promotion in the United States from mid-July to October 13 to October 14, meaning it could further dilute a holiday shopping period that becomes less traditional each year with the continued growth of online shopping.

To provide perspective on this year's holiday season, FTI Consulting's Retail & Consumer Products practice recently conducted a [Holiday Gift Giving Survey](#) with an emphasis on the role of online shopping. Overall, 80% of respondents answered "yes" when asked if they were more likely to shop online this year relative to last. Moreover, consumers plan to spend a larger percentage of their overall holiday shopping budget online compared to prior years. The results reveal some overarching themes for retail and unexpected nuances into the behavior of certain consumer groups.

"No forecast model could have ever anticipated what transpired in 2020," said [J.D. Wichser](#), Leader of the Retail & Consumer Products practice at FTI Consulting. "The shutdown necessitated the shift online and simultaneously created a new 'marginal consumer,' with shopping habits having been transformed by access constraints and safety concerns. We will continue to see shoppers opting out of traditional brick and mortar retail and pivoting to online, further accelerating already strong growth drivers."

About the 2020 U.S. Online Retail Forecast

FTI Consulting's 2020 U.S. Online Retail Forecast is a bottom-up logistic growth curve (or S-curve) that best fits estimated historical market shares for various product categories since 2000. Those categories include: music and videos, books and magazines, toys and hobby, consumer electronics, sporting goods, apparel, grocery and other product categories.

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. With more than 5,800 employees located in 27 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges and make the most of opportunities. The Company generated \$2.35 billion in revenues during fiscal year 2019. For more information, visit www.fticonsulting.com and connect with us on [Twitter \(@FTIConsulting\)](#), [Facebook](#) and [LinkedIn](#).

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